HOW THE CONSTRUCTION INDUSTRY CAN DIGITALLY TRANSFORM ITS BUSINESS OPERATIONS

WITH ARTIFICIAL INTELLIGENCE

ESKER®

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INTRODUCTION

Businesses, particularly those in the construction industry, greatly depend on documentation, but that doesn't mean they have to rely on paper and manual methods to process those documents. By embracing digital transformation through artificial intelligence (AI), companies are able to create more effective practices by cutting out inefficiencies.

ASSESSING AUTOMATION'S VALUE

In the procure-to-pay (P2P) and order-to-cash (O2C) cycles, all processes are intertwined. A problem in one area creates a chain reaction that affects other processes. With paper-based processes still being used by many organisations, lengthy processing times, high costs, errors and low visibility are common obstacles that ultimately lead to a lack of P2P and O2C efficiency.

Automating manual business processes delivers value by removing manual activities and giving staff the time and insight to work on strategic tasks. A single digital solution can automate the processing, routing and archiving of documents all while gathering key data via machine learning and promoting collaboration through interactive tools. This white paper will help you further assess the value automation can bring to your organisation and processes — regardless of size or complexity.
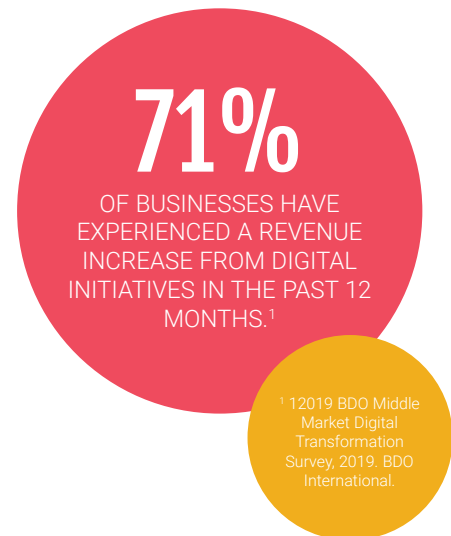
THE TRUTH ABOUT AUTOMATION

What it is:

Robotic process automation (RPA) is a tool that drives efficiency and added value throughout organisations by:

- Eliminating manual tasks
- Accelerating cycle times
- Boosting staff productivity
- Enhancing visibility and analytics
- Improving the customer experience
- Simplifying the IT environment & complex processes

What it is not:

- A staff replacement. Business processes will always need people to ensure things are functioning properly. Automation allows staff to be more productive and focus more on customer-centric and value-added tasks.

- An ERP/EDI replacement. Automation fills in manual gaps that ERP/EDI systems are unable to address, maximising existing investments.

- A one-dimensional tool. With a multitude of capabilities, RPA goes far beyond basic efficiencies to provide end-to-end benefits.

- A shortcut to success. With AI, your company has the potential to do amazing things, but only when a smart strategy is in place with the right people and processes supporting it.

71%

OF BUSINESSES HAVE EXPERIENCED A REVENUE INCREASE FROM DIGITAL INITIATIVES IN THE PAST 12 MONTHS.[1]

[1] 12019 BDO Middle Market Digital Transformation Survey, 2019. BDO International.

BENEFITS OF AUTOMATION: A SUCCESS STORY

Accelerating supplier invoice processing with cloud-based accounts payable automation.

SUNWAY®

SUNWAY SUCCESS STORY

Sunway Group, one of Malaysia's largest conglomerates with core interests in real estate, construction, education and healthcare decided to automate its accounts payable (AP) process. In an effort to eliminate paper invoices and automate approval workflow for faster delivery and greater efficiency, Sunway turned to Esker to enhance its AP process.

AP BENEFITS

- Faster processing time and increased efficiency after eliminating manual data entry.

- Increased AP team efficiency with 50% of invoices submitted electronically via Esker's supplier portal.

- Improved productivity leading to invoice processing time being cut in half.

- Convenient approval process thanks to the mobile invoice approval application Esker Anywhere™.

- Enhanced visibility on important invoice information with Esker's customisable dashboards.

> WE HAD BEEN USING CONVENTIONAL INVOICE PROCESSING METHOD TO CONDUCT CRITICAL AP TASKS LIKE DATA ENTRY AND APPROVAL. WITH THE INCREASE IN INVOICE VOLUMES RESULTING FROM BUSINESS EXPANSION, WE FORESAW THE OPPORTUNITIES AND BENEFITS OF AP AUTOMATION."
>
> PROJECT COMMITTEE | SUNWAY IT SHARED SERVICES

EVOLVING IT LANDSCAPES IN THE CONSTRUCTION INDUSTRY

With the fierce competition in today's construction industry, many organisations are expanding through mergers and acquisitions (M&As). Unfortunately, success comes at a cost. Growth via M&A activity often involves absorbing disparate ERP applications, which can create significant inefficiencies — particularly in the AP department. The good news is, AP automation is emerging as an end-to-end solution that forward-thinking organisations can use to eliminate AP-related silos and maximise their market potential.

WHY ADDING AUTOMATION TO THE MIX ISN'T COUNTERPRODUCTIVE

For many AP and finance leaders, the idea of automation is appealing but the thought of adding another solution to an already convoluted environment seems counterproductive.
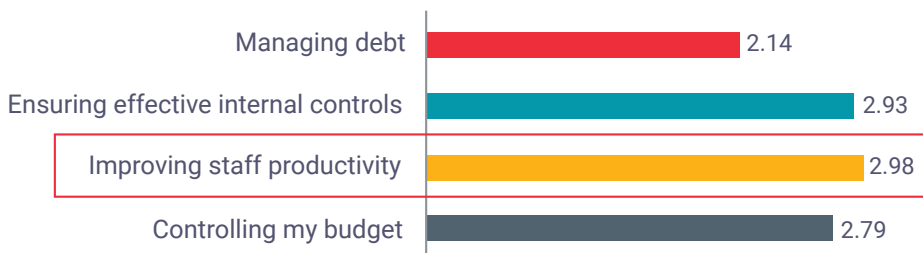
However, when you examine the top AP concerns of today's c-suite members, you'll find that automation aligns perfectly with their foremost goals. For example:

1) **It boosts staff productivity.** According to a recent study by IOFM, "improving employee productivity" was the top concern among c-suite members.[1] Automation addresses this concern by not only drastically reducing low-value manual tasks, but allowing users to manage all AP invoicing activities from the same interface regardless of the back-end ERP — making user training easier and invoice processing faster.

2) **It consolidates workflow and shores up internal controls.** In a manual environment, AP departments run the risk of paying inaccurate, fraudulent or duplicated invoices. In automated environment, because the solution interacts with all the ERP systems, invoice data is processed with complete accuracy and security through a single point of control.

3) **It enhances visibility.** Effective cash flow management practices can generate real and impactful cash value for a business. Whereas manual invoicing makes it virtually impossible to source, track and analyse the metrics necessary to do this, automation solutions offer them in real-time via customisable dashboards.

TOP CONCERNS OF C-SUITE

(According to IOFM Study Results)

Ranked by level of concern (4=highest level of concern)

Managing debt	2.14
Ensuring effective internal controls	2.93
Improving staff productivity	2.98
Controlling my budget	2.79

[1]Special Report: The Future of Accounts Payable: Digital, Profitable and Strategic, 2018.
Institute of Finance & Management (IOFM). PDF file.

DEALING WITH A COMPLEX ERP LANDSCAPE

The increased occurrence of M&As, spinoffs and divestures in the construction industry causes ERP systems to accumulate as multiple instances of the same ERP or a combination of disparate systems. If the central goal is to consolidate AP processes and accelerate P2P times (without headcount increases or new infrastructure requirements), there's no question that automation is an industry-proven and highly effective tool. The question is how best to do it.
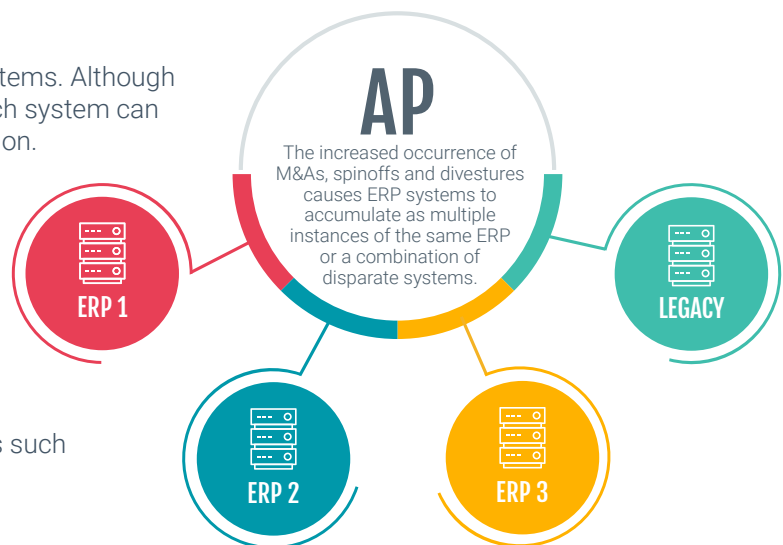
BUSTING THE MYTH OF ONE COMPANY, ONE ERP SYSTEM

The vision of one enterprise/one ERP system simply does not reflect today's reality — complexity is the name of the game. As sensible as a one-to-one relationship sounds, it's simply not realistic as global expansion and M&As have become the norm. For example, today, it's not unheard of for a company to have as many as five ERP systems in use across its global enterprise.

Multiple instances of ERP solutions

Some companies also run different ERP systems. Although they are all based on the same platform, each system can be different enough to require special attention. They may seem identical from a high-level view, but it can be a very different picture at the operational level.

Even if a company is standardised on an enterprise-wide ERP system, multiple instances in different locations around the world can require integration of multiple workflow tools in order to automate AP workflow. This can complicate key initiatives such as setup of shared services centres.

AP

The increased occurrence of M&As, spinoffs and divestures causes ERP systems to accumulate as multiple instances of the same ERP or a combination of disparate systems.

ERP 1

LEGACY

ERP 2

ERP 3

"INSIDE ERP" VS. "OUTSIDE ERP" SYSTEMS

When it comes to AP automation solutions, the first instinct that organisations typically have is to install AP workflow inside the ERP system. However, when one examines the numerous detrimental effects this can have, it's easy to see that the risks handily outweigh the rewards. Some of the biggest downsides to "inside ERP" workflow include:

- **Added expenses.** Solutions that function within an ERP environment often require a major investment of time and money for installation, integration and maintenance by ERP application engineers.

- **Functional limitations.** Solutions developed to operate within an ERP environment are, by nature, limited in their integration with any existing AP-related systems or others added in the future.

- **Drain on ERP performance.** Tools that operate within an ERP environment can tap system resources allocated to core ERP applications and other enterprise systems. The impact is multiplied as companies add systems through M&As, and as additional staff require more resources.

- **Workflow discontinuity.** While workflow approval is done inside the ERP system, data extraction (from paper invoices, email, faxes, etc.) still must be done outside the system, creating a break in the end-to-end audit trail.

- **User inconvenience.** Not only do AP staff have multiple interfaces to learn and work from, they may not always have access to the ERP system or may not prefer to use a particular ERP interface for AP workflow.

Solutions that reside outside of the ERP system, on the other hand, enable the same integration capabilities without the added time, costs and risks that come with implementing a tool inside the ERP system. Under an external ERP workflow environment, AP departments benefit from:

- Shared data across multiple business applications
- Flexibility to include other departments (e.g., purchasing) or pre-/post-processing steps in workflow
- Instant access to archived invoices and audit trail outside an ERP application
- Immediate email notifications when invoices need to be approved
- Easy deployment via a web browser to simplify training and increase user acceptance
- Instant access to invoices without the need to be on-site or even an ERP solution user
- Maintained business continuity through the many IT landscape changes
- Standardisation for shared services initiatives, including logic to avoid errors
- Increased internal controls without the need to duplicate workflow logic
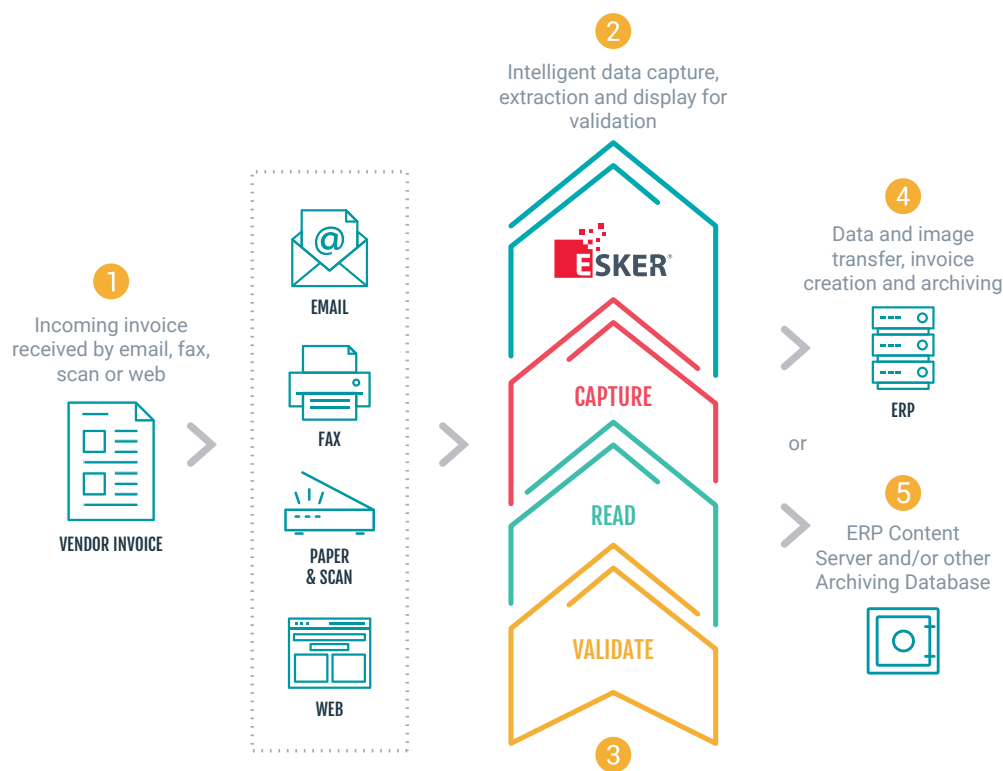
ON-PREMISES VS. THE CLOUD

Another key consideration of AP automation solutions is how they will be implemented within the organisation. Traditionally, AP automation solutions were implemented in-house, and usually only by large corporations that could afford the investment and maintenance. Today, the emergence of cloud providers — especially those offering a Software as a Service (SaaS) model — are taking over as the delivery method of choice, and allowing organisations of all sizes to benefit from automation.

Not only do SaaS solutions allow for AP workflow outside an ERP system, they help preserve capital and IT complexity since there is no additional software, hardware or maintenance associated with the implementation. After initial sign-up and structuring the solution to fit your internal processes, the solution provider can take care of the rest, including setting up users and permissions, uploading data, and training your staff.

MANUAL BUSINESS PROCESS CHALLENGES

Organisations share the same concerns when it comes to managing manual document processes. It's no wonder, as these problems can result in major operational issues. A seemingly small problem on the front-end of business can lead to a breakdown on the back-end.

FRONT-END ISSUES

High hard costs. Left unchecked, the typical hard costs associated with manual business processes (e.g., labour, equipment, materials, etc.) can turn into profit-eating pitfalls. Lengthy process times drive up labour costs, while paper-based methods add material and equipment expenses (e.g., ink, toner, physical storage, etc.).

Large amounts of errors. In manual environments, there is always a considerable risk of human error that can end up stretching out the business cycle and increasing operating costs. These errors and the delays they cause have a direct impact on cash flow, supply chain efficiency and financial performance.

Limited visibility. Effective cash flow management practices can generate real and impactful cash value for a business. Manual activities make it virtually impossible to source, track and analyse the metrics necessary to do this.

Low productivity. Processes that rely on physical work will always take longer than ones built on automation. From locating and hand-keying information, to figuring out who should be contacted about what — it all adds up to low levels of productivity.

BACK-END CONSEQUENCES

High soft costs. The soft costs of manual business processes (i.e., those that are often difficult to measure) include low customer satisfaction and lost business opportunities. You won't find them in the general ledger, but these costs hit a company's bottom line hard.

IT complexity. Managing convoluted processes and systems can create a never-ending nightmare for your company. IT complexities ultimately make it difficult to: control costs, easily modify applications, manage relationships, and remain agile during periods of growth.

Disgruntled customers/suppliers. Front-end issues inevitably impact your customers/suppliers. Lengthy processing times, along with lack of communication and errors along the way, never bode well for business relationships.

Unhappy staff; no collaboration. Stuck in a repetitive work environment with little collaboration or open workflow between teams, even the best employees become unhappy. Because staff impact the happiness of customers, this is an important aspect of every business.

72%

OF BUSINESSES SAY REPLACING OR UPGRADING LEGACY IT SYSTEMS — CRITICAL TO BOOSTING EFFICIENCY — IS THEIR #1 SHORT-TERM BUSINESS GOAL.[2]

[2] 2019 BDO Middle Market Digital Transformation Survey, 2019. BDO International.

HOW AUTOMATION WORKS

A digital solution automates manual inefficiencies and low-value tasks in P2P and O2C processes with tools that unify teams and their operations within a single, integrated platform. Organisations set their own pace, choosing to automate one process at a time or entire business cycles.
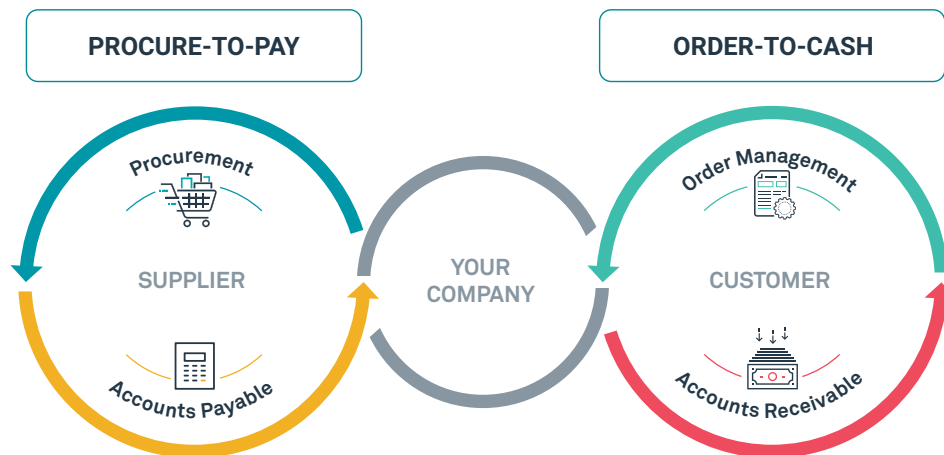
PROCURE-TO-PAY AUTOMATION

With such a large impact on financial and operational integrity, unifying P2P processes with automation is the best way to maximise profitability, minimise compliance issues and efficiently manage cash flow. Whatever problems arise in purchasing are often felt by the AP department.

Automated P2P processes lead to:

- Control over maverick spend and strengthened policy enforcement
- Streamlined payments and increased capture of discounts

- Improved collaboration with key suppliers

- Greater visibility over direct and indirect spend

Procurement

Following the procurement process can be tricky, but not if you've got a lightweight, easy-to-use solution in place. Create purchase requisitions and invoices online that are automatically routed through the appropriate approval workflow. Purchase orders (POs) are created in a few clicks (even from line items from multiple invoices) and once the system receives the invoice, it continuously checks for the goods receipt and performs a 3-way match to ensure accuracy. A mobile application — Esker Anywhere™ — allows managers to approve purchase requisitions and invoices, and review process metrics from anywhere, anytime.

Accounts payable

Save vital time and costs while improving supplier relationships with a digital accounts payable solution. Removing the need to manually process invoices, machine learning allows data to be automatically extracted from PO and non-PO invoices and, if necessary, routed for approval. Every invoice is archived for up to 11 years and easily accessible. On the solution home page, tailored dashboards display important metrics and reports, while a mobile application allows on-the-go approval and management of invoices.

ORDER-TO-CASH AUTOMATION

The O2C cycle involves multiple departments, teams and technologies. Efficiency is key to avoiding slow fulfillment times, low customer experience scores and delayed customer payments. A problem in one area of the O2C cycle results in further issues down the line.

Automated O2C processes lead to:

- Streamlined cash flow management
- Elevated collaboration and transparency
- United people and processes through a single platform
- Improved global speed and efficiency

Order management

Incoming customer orders are the catalysts that launch the O2C cycle. When an order arrives in the system, the data is automatically extracted with machine learning and any exceptions are flagged for review. After approval, accurate order data is integrated into the ERP system and a copy is archived for a complete audit trail. Custom dashboards display data like the number of open issues or processing time, while a customer portal allows for orders to be placed from an online catalogue and for staff to quickly communicate with customers.

Accounts receivable

By automatically extracting invoice data and converting it into the preferred delivery channel, an invoicing solution simplifies the processing and delivery of invoices and associated documents. For the sender, this means every customer invoice can be sent, archived and tracked electronically. On the other end, invoices arrive by mail, electronically, or via a web portal — depending on customer preference. Customers can then pay open invoices directly from a secure web portal. All documents are tracked and tailored reports help reconcile payment with bank statements.

Collections management

After you provide a service or goods, you expect to be paid. Maximise those collections efforts with a digital solution that equips customers with convenient, self-service tools. From automated payment reminder emails to ensure they know what's due and when, to an online portal where they can chat with staff members, pay bills and apply credits — all customer data, exchanges, invoices and collections data is stored in a central location. Customised KPIs and personalised reports go beyond DSO to analyse every aspect of your collections process.

CONCLUSION: THE NEED FOR AUTOMATION

Without a doubt, manual business processes are inefficient and end up creating more problems than they solve. Yet many organisations continue to rely on them. The first step towards fixing inefficiencies is by understanding their impact. How are other processes affected? How does it affect your staff and customers? What's the impact to your organisation as a whole? The next step is finding a solution. Designed to help business leaders and staff achieve their goals, AI makes your job easier. It's time to work smarter, not harder.

PICKING THE PERFECT SOLUTION

The difference between a good solution and a great solution is easy to spot:

It adapts to your wants and needs.
The Agile methodology offers users a hands-on approach during project implementation, where their feedback is rapidly delivered and the solution is molded to their specific needs.

It integrates with current systems.
It's simple: A great solution complements whatever infrastructure is currently in place — minus upfront costs, downtime and interference with existing systems.

It's customisable and promotes collaboration.
One size doesn't fit all. A solution should unite staff and further collaboration between departments with customisations that fit your business needs without compromise.

It keeps everything safe and secure.
Document security is essential. Adhering to safeguards, breach reporting requirements and all government regulations, RPA keeps everything protected.

It provides key data and reports.
Users should be able to create custom dashboards that display important process metrics and Key Performance Indicators (KPIs). Even better is a solution that offers it all on a mobile application.

ABOUT ESKER

Esker is a worldwide leader in AI-driven process automation software, helping financial and customer service departments digitally transform their procure-to-pay (P2P) and order-to-cash (O2C) cycles. Used by more than 6,000 companies worldwide, Esker's solutions incorporate artificial intelligence (AI) technology to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and internally.

GLOBAL EXPERTISE

Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin. In 2019, Esker generated 104 million euros in sales revenue.

ESKER®

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