

ACCOUNTS PAYABLE

HOW THE CHEMICAL INDUSTRY CAN HARNESS ACCOUNTS PAYABLE AUTOMATION

EVEN IN COMPLEX, MULTI-ERP ENVIRONMENTS



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EVOLVING IT LANDSCAPES IN THE CHEMICAL INDUSTRY

With the fierce competition in today's chemical 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 accounts payable (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.

ABOUT THIS WHITE PAPER

Chemical businesses with a complex ERP environment have several choices when it comes to AP automation solutions (e.g., an inside-the-ERP tool vs. an outside-the-ERP tool, an on-premises implementation vs. cloud-based implementation, etc.). This white paper is intended to assist AP and finance leaders, along with ERP system administrators, in evaluating their options, simplifying the decision-making process, and getting the absolute most out of their AP automation investment.

TOP CONCERNS OF C-SUITE

(According to IOFM Study Results)

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



¹Special 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 divestitures in the chemical 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 procure-to-pay (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.

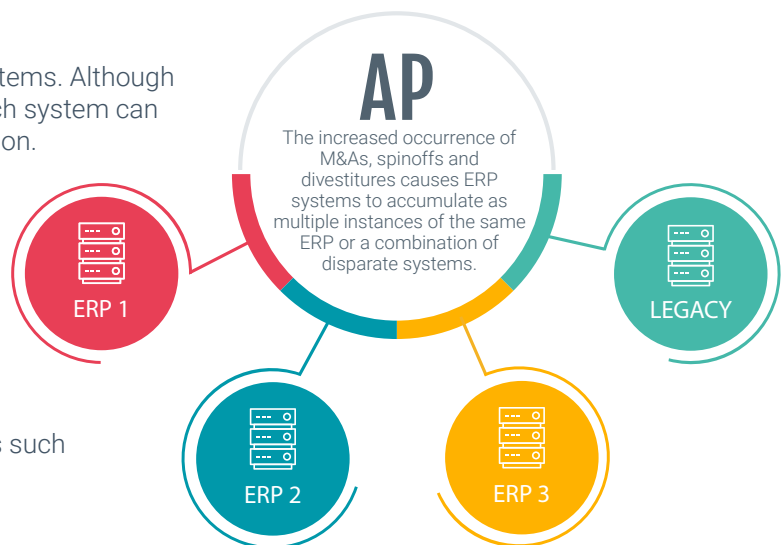
BUSTING THE MYTH OF ONE COMPANY, ONE ERP SYSTEM

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.



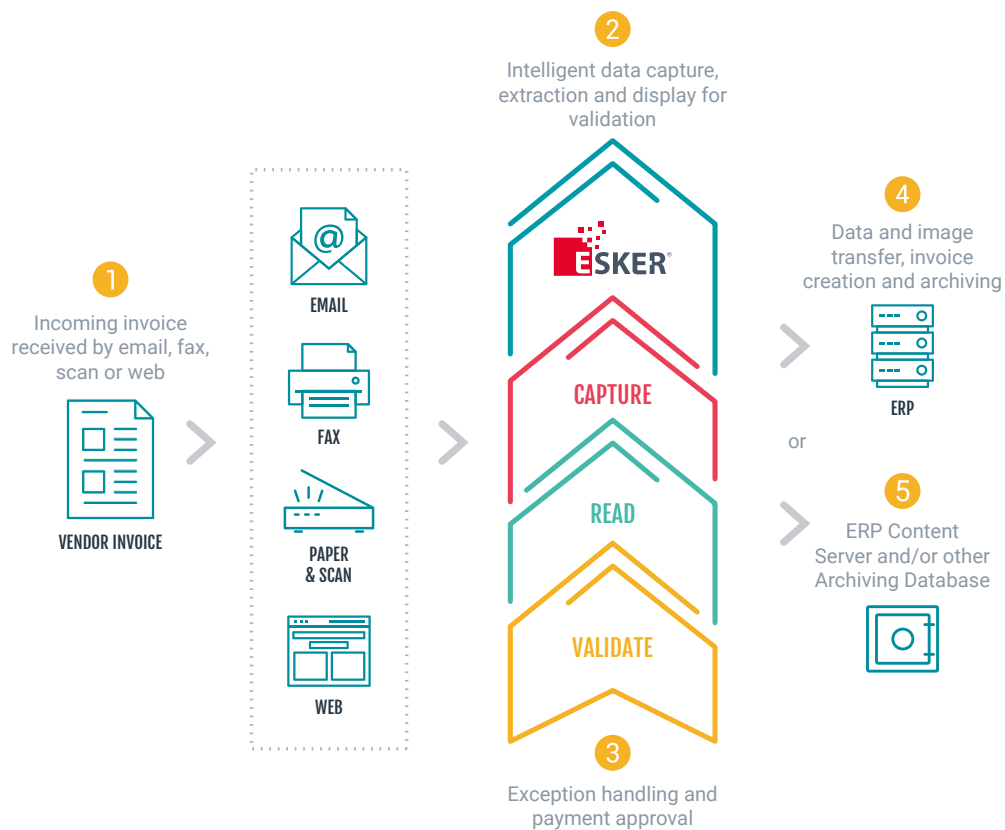
“INSIDE ERP” VS. “OUTSIDE ERP” SYSTEMS

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



BENEFITS OF AP AUTOMATION

Chemical businesses have been hearing about the benefits of AP automation for years. But until recently, those benefits have always included a “yeah, but ...”. Today, organisations can now get the best of both worlds: a way to bring accuracy, visibility and efficiency to the P2P cycle while consolidating all AP/ERP activities into one secure, harmonious and cost-effective solution.

END-TO-END ADVANTAGES

Some of the most common advantages businesses gain by using AP automation include:

- Increased control & visibility
- Strengthened supplier relationships
- Harmonised ERP environment
- Accelerated P2P processes
- More productive, engaged employees
- Lower operational costs
- Better scalability & risk management
- Enhanced accuracy

BUTAGAZ SUCCESS STORY

Butagaz, a French gas and energy company, decided to automate its manual AP process to improve invoice processing, eliminate postal mail exchanges and increase productivity.



PREVIOUS AP PROCESS

- Manual data entry
- Numerous postal mail exchanges
- Lack of workload visibility
- Poor invoice traceability
- Poor supplier relationships
- 20,000 annual supplier invoices



KEY REQUIREMENTS & GOALS

- Cloud platform
- Ability to automate entire supplier invoice processing chain
- Fast solution implementation
- Invoices received by email arrive in a common inbox



END RESULTS

- **Simplified internal approvals** thanks to the elimination of postal mail exchanges
- **2 hours gained per day daily** by AP department, as invoices are directly integrated into SAP
- **Improved visibility and tracking** over the full invoice processing chain thanks to dashboards
- **Increased job value and acquisition of new skills**, enabling teams to concentrate on higher-value tasks like data analysis



Our employees started using Esker's solution right away. Once an invoice is entered, it is instantly available in our ERP and visible to coworkers in different offices. Another great advantage: paying an invoice twice is almost impossible thanks to numerous alerts on the interface."

Tania Rousseau | Accounting Manager

HOW AP AUTOMATION WORKS

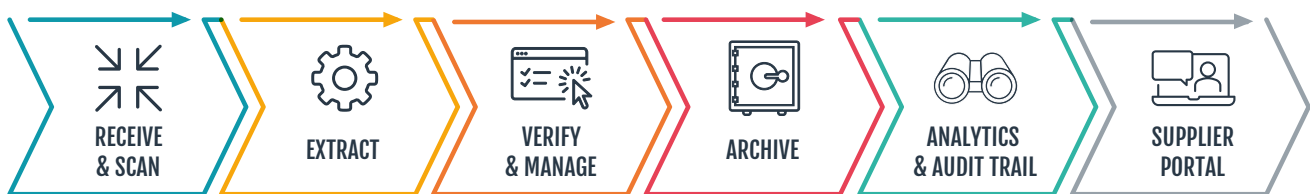
AN INSIDE LOOK AT ESKER'S CLOUD-BASED AP SOLUTION

Best-in-class automation solutions provide a single point of entry for AP invoice approval workflow with full functionality for ERP users (as well as those outside the ERP deployment). Because the solution resides on a server and integrates with the ERP independently, users are all connecting via the same interface – simplifying every action and adding value where it's needed most.

CONNECTED, CONSOLIDATED WORKFLOW

Esfer's Accounts Payable solution uses intelligent data capture, automated workflow and electronic archiving capabilities to process and transfer invoices through the office electronically while providing 100% visibility of exactly where they are in the approval process. Approvers are notified and invoices get the necessary approvals to generate the information in the ERP system and book payment as quickly as possible.

Throughout the process, Esfer attaches information inside the ERP, with invoice data and the document image being e-delivered into an archive with a link back into the ERP system for quick and easy retrieval of the information as needed. A complete audit trail of every step that was taken is available through the reporting capabilities.



DASHBOARDS WITH CUSTOMISABLE KPIS

When a company automates AP with Esfer's cloud-based solution, received invoices are automatically queued for processing and made 100% visible and accessible via built-in dashboards. Users can choose what Key Performance Indicators (KPIs) are displayed on their interface, making every action smarter and more strategic.

Your current system may allow you to see what was paid, but Esfer gives you instant access to what invoices are in the pipeline. This type of enhanced control and monitoring allows everyone involved to better forecast the use of cash and determine the best approach for capturing early payment discounts.

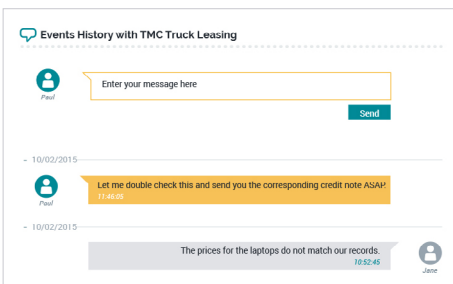


MOBILE INVOICE APPROVAL

Part of going global as an organisation also means not having to lose the flexibility of completing critical tasks while out of the office.

Available 24/7 from Apple or Android devices, the Esker Anywhere™ mobile application offers added dimension of convenience for on-the-go approvers who need to review and validate supplier invoices at a moment's notice. Approvers can use the mobile app to:

- View invoice lists (e.g., pending invoices, invoices awaiting approval, etc.)
- View invoice images received by the accounting department
- Instantly access key data (e.g., supplier name, total amount, etc.)
- Review coding information before approving
- Approve, hold or send back an invoice to the previous approver or AP officer, with the option of writing a comment at each step



CONVENIENT SUPPLIER PORTAL

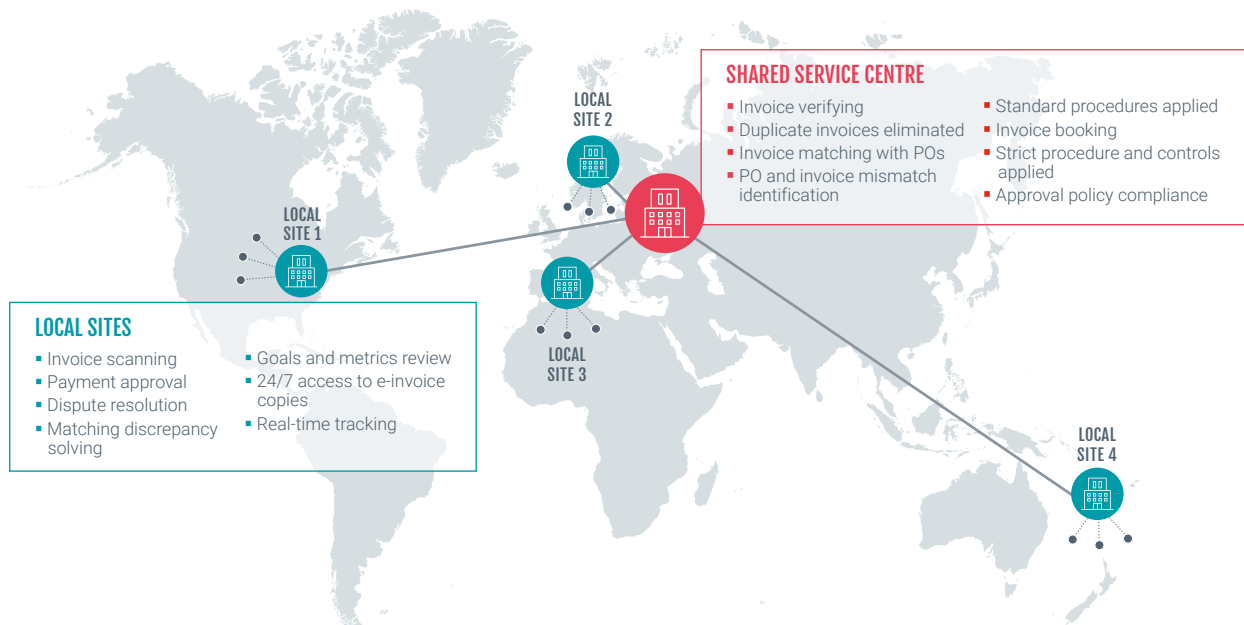
Your organisation is not the only one impacted by global expansion and multiple ERP systems. The easier you are to work with for your suppliers, the better off your company will be reputation-wise and generating new sales.

Esker's portal simplifies the company/supplier relationship via a collaborative workspace where self-service access to invoice data promotes rapid dispute resolution and fewer invoice status calls.

SHARED SERVICES CENTRE SUPPORT

Optimising the AP process is all about improving the quality of the data and document (i.e., getting it where it needs to go with as little confusion or complexity as possible). A financial shared services centre is a tool that many global organisations use to centralise their AP processes and achieve this goal – but support is needed.

With 24/7 year-round monitoring and support for different time zones and multiple languages, Esker's cloud-based automation solution helps to simplify setup of financial shared services centres. Efficiencies gained through automated invoice approval workflow in a shared services model helps organisations improve KPIs including productivity, service level, accuracy, costs and more.



BRINGING ADDED VALUE TO EVERY STAKEHOLDER

The beauty of an AP automation solution is that its benefits aren't restricted to one particular person or group within the AP process. The customisable nature of the technology offered by Esker means that all key stakeholders can benefit, allowing the right person to access the right information at the right time.

AP SPECIALIST	AP MANAGER	MANAGER	CONTROLLER	CFO	TREASURER
<ul style="list-style-type: none"> ▪ Prioritise daily workload & act on real-time metrics ▪ Have automatic reminders sent to approvers ▪ Easily identify early payment invoices ▪ Focus on value-added functions versus data entry ▪ Centralise info at fingertips for quick dispute resolution & complete audit trail 	<ul style="list-style-type: none"> ▪ Gain full spend visibility ▪ Run accrual reports ▪ Monitor team efficiency based on real-time metrics ▪ Access invoice audit trail 	<ul style="list-style-type: none"> ▪ Identify & eliminate maverick spending ▪ Take advantage of negotiated discounts ▪ Spot issues early with large suppliers ▪ See which suppliers make up a majority of invoices ▪ Access/approve invoices from anywhere 	<ul style="list-style-type: none"> ▪ Access approval process history ▪ Easily retrieve invoices online ▪ Monitor spend budgets by cost centre ▪ Give auditors self-access to invoices & supporting documents ▪ Quickly report on spend & cash management 	<ul style="list-style-type: none"> ▪ Monitor budgets & spend overview ▪ Instant access to reporting & metrics to optimise cash management ▪ Follow FTE versus number of invoices processed KPI ▪ Keep an eye on automation rate ▪ Get peace of mind regarding fraud prevention 	<ul style="list-style-type: none"> ▪ Monitor opportunities to leverage cash ▪ Manage payments (e.g. authorisations, follow-ups, early payment proposals, etc.) ▪ Follow-up on discounts for early payments

WHERE AUTOMATION CAN TAKE YOU

(BEYOND ACCOUNTS PAYABLE)

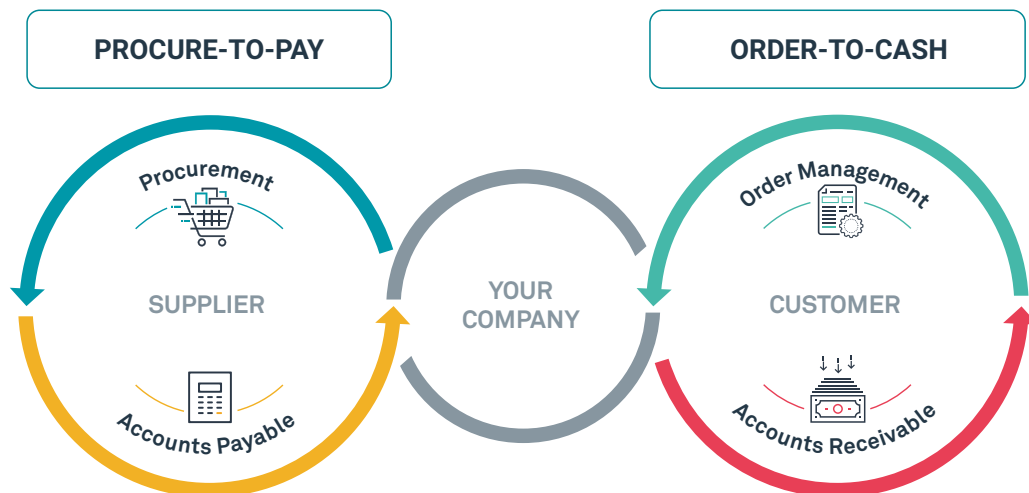
In many cases, AP automation is just the first step in a multi-step document process improvement initiative. Esker allows companies to go beyond AP and easily extend automation to multiple areas of their business — regardless of the interaction with customers or suppliers — using one universal platform. This type of unified communication frees up IT departments and customer service teams from tasks that burden their budget while saving hours of work that can be redeployed to new projects.

WHY ONE SHARED PLATFORM?

Rather than using multiple point-to-point solutions, all elements of the platform should be accessible and controlled by a single set of business rules to allow automation of document processes on all ends of the spectrum without the need for third-party products. In Esker's case, its solutions span the entire O2C and P2P processes, enabling businesses to automate virtually any business process that runs on paper documents.

THE IMPORTANCE OF PROCUREMENT

One can't talk about AP without also mentioning the other half of P2P cycle — procurement. Using a procurement solution alongside an AP solution is the only way to truly know where a particular document is going, where it's been and how long it's been there. Esker's Procurement solution brings greater visibility and efficiency to the entire AP process by allowing you to:



- Quickly place spend requests with online purchase forms
- Benefit from automatic requisition authorisation workflow
- Give requesters instant access to approved items
- Convert non-PO and non-MRO invoices into PO-like invoices
- Gain complete spend process transparency

ABOUT ESKER

Thanks to over 35 years of experience, Esker is able to offer a best-in-class AP solution specifically designed to help companies improve supplier relationships and operate more efficiently. Within the Chemical industry, we're known for our suite of AI-driven solutions that drive added value in every business process from AP to order processing and beyond.

300

COMPANIES

AUTOMATE THEIR
AP PROCESSES
WITH ESKER

500k

INVOICES

AUTOMATED EACH
MONTH IN ESKER'S
AP SOLUTION

ROI

IN 6 MONTHS

ROI CAN BE ACHIEVED
IN AS LITTLE AS
6 MONTHS

GLOBAL EXPERTISE

As a global leader in AI-driven process automation software, Esker's expertise goes beyond AP processes. Over 6,000 companies around the world use Esker solutions to automate other critical business processes, including: procurement, order processing, accounts receivable, document delivery and more. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.





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