



WHITE PAPER

# ACCOUNTING & AP AUTOMATION EMPOWERING YOUR ACCOUNTING DEPARTMENT



***idatix***

# ACCOUNTING & AP AUTOMATION EMPOWER YOUR ACCOUNTING DEPARTMENT WITH IDATIX

In order for an organization to properly implement and utilize an electronic document and automation solution, it must understand why it needs a solution at all. By starting with a needs assessment and moving on to potential benefits, companies will see successful decision making begin to emerge.

More than searching for a vendor that offers x, y, or z it is important to look for a solution that can solve your business problems. In many cases, an organization will task an employee for identifying and cataloguing multiple vendors without understanding the overall need or push for this type of solution.

It is imperative that the business answer the following questions before moving forward with the overall selection of vendors. This checklist will help set the priorities and goals of your organization moving forward as well as help uncover some of the inefficiencies that are going to be drivers for adopting the solution.

## Accounting Needs Assessment

How long does it take to process invoices?

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In your opinion, is the time you stated in question

an adequate amount     takes too long

How much time is being spent on data entry activities and filing paper invoices?

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In your opinion, is the time you stated in question

an adequate amount     takes too long

Do you ever lose paper copies of invoices? What is the consequence when that happens?

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Does your company policy require you to match invoices, purchase requests and proof of delivery documents before posting payment?

Yes     No

Is that process (please check all that apply:)

Inefficient     Slow     Automated

Do you currently image/scan any of your invoices?

Yes     No

## Accounting Needs Assessment

What do users, managers, and key stakeholders need the system to do?

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Is your company looking for a hosted solution (SaaS) or an on-premise solution?

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Is your organization looking to adopt a company-wide solution or is it only the accounting department taking on the initiative?

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Does your company have an existing document management, workflow or ECM solution that is not being utilized or has significant problems?

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Are there line of business systems that new software must integrate with?

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### The Checklist

- There have been legal costs associated with lost documents
- It has taken significant manpower to find documents for litigation purposes
- Your organization must improve its disaster recovery procedures
- You have industry or governmental regulations that are required in order to sustain your business within proper compliancy measures
- Your organization suffers from process inconsistencies
- Customer service has suffered due to the inability to locate critical information
- You experience errors or inaccuracies due to manual data entry
- There are consistent delays in completing work due to process bottlenecks
- Storing paper and documents is becoming increasingly expensive and/or is consuming an increasing amount of space
- Our company is dependent on paper for over 90% of our business
- Paper processes are bogging down production and forcing staffing levels to increase just to manage menial duties such as data entry
- Critical business documents are difficult to manage and organize, extensive time is required to locate files and paperwork
- There are security concerns not effectively being addressed
- Staff has unnecessary and unsafe access to confidential employee and client information because there is no efficient way to protect this information
- Staff is constantly challenged with the need to share information; this often results in unnecessary emailing, faxing and printing
- Field workers require access to information but have no way to obtain it without redundant emails/phone calls/trips to and from headquarters

Organizations will skip these steps in a lot of cases because it has simply been set as a strategic vision and the managers are asking for options. This results in insufficient and improper planning, which sets the stage for a failed implementation.

Safeguard against failure by doing the necessary research and ensuring the organization gets the solution it needs, the first time. .

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### **Streamlining the Accounts Payable Process**

Searching for the right information, filling out paperwork and gathering approvals takes much more time than most management teams realize.

Accounting and finance professionals spend a large portion of each work week looking for information, analyzing and formatting it, routing it for review and approvals and finally, filing and storing it. Each step may take only a few minutes per document, but it adds up fast.

When automating workflows with ECM, organizations achieve a rapid return on investment (ROI) in the Accounts Payable (A/P) department where transaction volume is high and a backlog of paperwork can pile up quickly. To save time, reduce expenses and improve efficiency, companies should strive to automate as much of the A/P process as possible using Enterprise Content Management software with automated workflow functionality.

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### **What is Enterprise Content Management (ECM)?**

The Association for Information and Image Management (AIIM) defines ECM as: "The strategies, methods and tools used to capture, manage, store, preserve, and deliver content and documents related to organizational processes. ECM tools and strategies allow for the management of an organization's unstructured information, wherever that information exists."

An ECM solution consists of scanning, document management and workflow technology. It integrates with the core line of business applications, including the most common financial software such as Microsoft Dynamics, PeopleSoft and Lawson. When ECM is applied in an A/P process, it captures the daily inflow of invoices, stores invoices electronically and routes them for approval and payment. Through the technologically advanced product integration capabilities, data and information can be correlated and associated across documents, spreadsheets and databases allowing your department to leverage even greater value from its existing systems.

"There has been a steady acceptance and growth in accounts payable and accounts receivable solutions offered by ECM vendors. Routing of invoices is much faster and discrepancies can be resolved more quickly," states Ken Chin, Research VP at Gartner.

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### **The Cost of Inefficient Paper Processes**

Most companies are trying to become more environmentally friendly, yet businesses still produce more than 4 billion pages of paper documents each year.

Every page includes hidden labor and production costs. The IDC report from 2011 stated that the volume of data being stored is more than doubling every two years and by 2020 could grow to 50 times the current amount, reinforcing the need for new ways to manage data and derive value from it. According to the 2005 study by IDC, the following information represents the hours spent on document-related tasks in an average work week, by a typical knowledge worker - someone working primarily with information, such as an accountant or attorney.

- Creating documents - 13.3 hours
- Searching for Data - 9.5 hours
- Gathering Information - 8.3 hours
- Data Entry for eForms - 5.6 hours
- Filing and Organizing - 6.8 hours
- Managing Document Routing - 4 hours
- Managing Document Approval - 4.3 hours

That's a lot of time, but working with documents is a key task performed by knowledge workers, after all. More troubling in the IDC investigation were the number of hours workers were forced to waste due to inefficient processes, poor document management, and lack of technology to automate the overall process.

- Reformatting - 6.2 hours wasted
- Searching but not finding - 3.5 hours wasted
- Recreating content - 3.0 hours wasted
- Acquiring Archived Data - 2.3 hours wasted

Although ECM cannot eliminate all of the time A/P and other departments spend working with documents, it can greatly improve efficiency. More importantly, it can ensure that your employees spend the time productively, instead of wasting their considerable talents searching for documents, routing, and filing. Organizations can implement an ECM solution in just a few weeks, for rapid automation with minimal business disruption.

**Proven Results** - Before ClosetMaid found iDatix, the company committed over 8,000 A/P invoices each month to microfiche. Retrieving archived data could take a week or more. With an ECM system, A/P professionals now scan incoming invoices right away. ClosetMaid saved over \$100,000 in labor costs and equipment in just their first year using iDatix solutions.

## The Cost of Inefficient Paper Processes

A/P is the source of a lot of paper in organizations—it's also full of time intensive processes.

Companies pay hundreds, if not thousands, of invoices each month for materials, equipment, and supplies. While businesses may receive invoices electronically in e-mail or through EDI, the majority of invoices are still paper-based, arriving via mail. If ECM captures invoices at the front end, your company can avoid lost invoices, missed payments, late penalties and inaccurate accruals.

ECM delivers measurable cost-savings in A/P. IOMA research indicates that companies can reduce invoice processing cycle times by as much as 65% by handling invoices electronically. A 2009 IOMA survey revealed that productivity skyrockets as high levels of automation enabled the A/P staff to process nearly three times more invoices and expense reports per month.

By storing, organizing and indexing documents, ECM ensures that A/P professionals can find any current or historical document in seconds.

ECM also automates key processes, such as: matching up incoming vendor invoices with purchase orders in the accounting system, obtaining manager approval and routing invoices to other departments to verify that goods or services were received. It manages routing automatically, efficiently directing e-documents from one stage of approval to the next and allowing A/P to check on the status anytime. When all steps to approve the invoice are complete, ECM delivers the invoice back to A/P for payment.

The benefits that ECM can deliver the average A/P department include:

- Easy searching for documents produces the right information in seconds - no missing POs or Invoices
- Improved relationships with vendors and suppliers can earn your business favorable terms and discounts
- On-time payments help your company avoid penalties or potential service disruptions
- Faster approval cycles enable A/P professionals to focus and be more productive, so you can reduce labor costs
- Indexing and organization enable you to respond quickly to information requests, for easier internal and external auditing
- integration with accounting systems helps financial managers get a clear view of cash flow

### **Proven Results**

Antigua Shirts manufactures on-demand custom sports shirts. Orders arrive in many formats—via third-party websites, paper order forms, and retail stores. After a two week software implementation, Antigua Shirts used iDatix ECM solutions to transform a three day order process into a 24-hour automated workflow. That labor savings can drop straight to the bottom line.

### **Achieving Enterprise-Wide Efficiency**

Accounts Payable is not the only part of a business that benefits from ECM. In fact, it is merely a great place to begin.

Nearly every part of the operation can expect to gain efficiency, accuracy, and productivity with an ECM solution. Other uses for ECM include:

- Accounts Receivable (A/R) uses ECM to view billing documents, speed up collections and support cash flow
- Sales can use ECM to review customer agreements or contracts
- Customer service representatives can easily access the original signed orders, contracts, shipping documents and more as they speak with customers
- Human resources can image, store and easily retrieve applications, resumes, training, materials, and benefits enrollment forms
- Legal professionals can organize and store vendor and customer contracts, including multiple drafts and redlines - if the company is involved in legal proceedings, producing records for discovery is faster and easier

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## Conclusion

Global competitive pressures leave little room for error—organizations of all types must stay lean, efficient and highly productive. In Accounts Payable, paper intensive processes cost too much. Automation with ECM can help companies regain control of business information, streamline the flow of that information, and manage cash flow more efficiently. Faster approval cycles give your company more flexibility to pay on your terms and take advantage of the option to earn vendor discounts for early or on-time payments. A well informed, highly organized and accurate A/P process improves relationships with preferred suppliers and vendors and can help your business receive more favorable terms.

In addition to the compelling benefit of ECM in the A/P process, many other opportunities to gain efficiency exist with an ECM solution. ECM helps automate the office the way that Henry Ford automated manufacturing. It can help you fulfill corporate green initiatives. It indexes and organizes documents so you can easily produce what is needed to satisfy financial audits, legal proceedings, or employer compliance investigations. Most importantly, ECM unlocks important documents across the organization, empowering your professionals to collaborate more effectively between departments and to more effectively serve your customers.

## ABOUT IDATIX

**iDatix – We make your business better!**

We are your process improvement specialist and know how to leverage today's technology to get the most from your people, processes and information.

Each client is a partner and our passion is helping to deliver solutions that provide unmatched performance.

Let us show you the possibilities, help you to create a new vision and empower you with the tools, knowledge and resources to get the job done.

Discover how our process improvement solutions have already helped companies like Lockheed-Martin, AG First Farm Credit, ClosetMaid and Morton Plant Hospital gain more from their existing systems, fill the gaps between departments and make their workforce more effective.

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