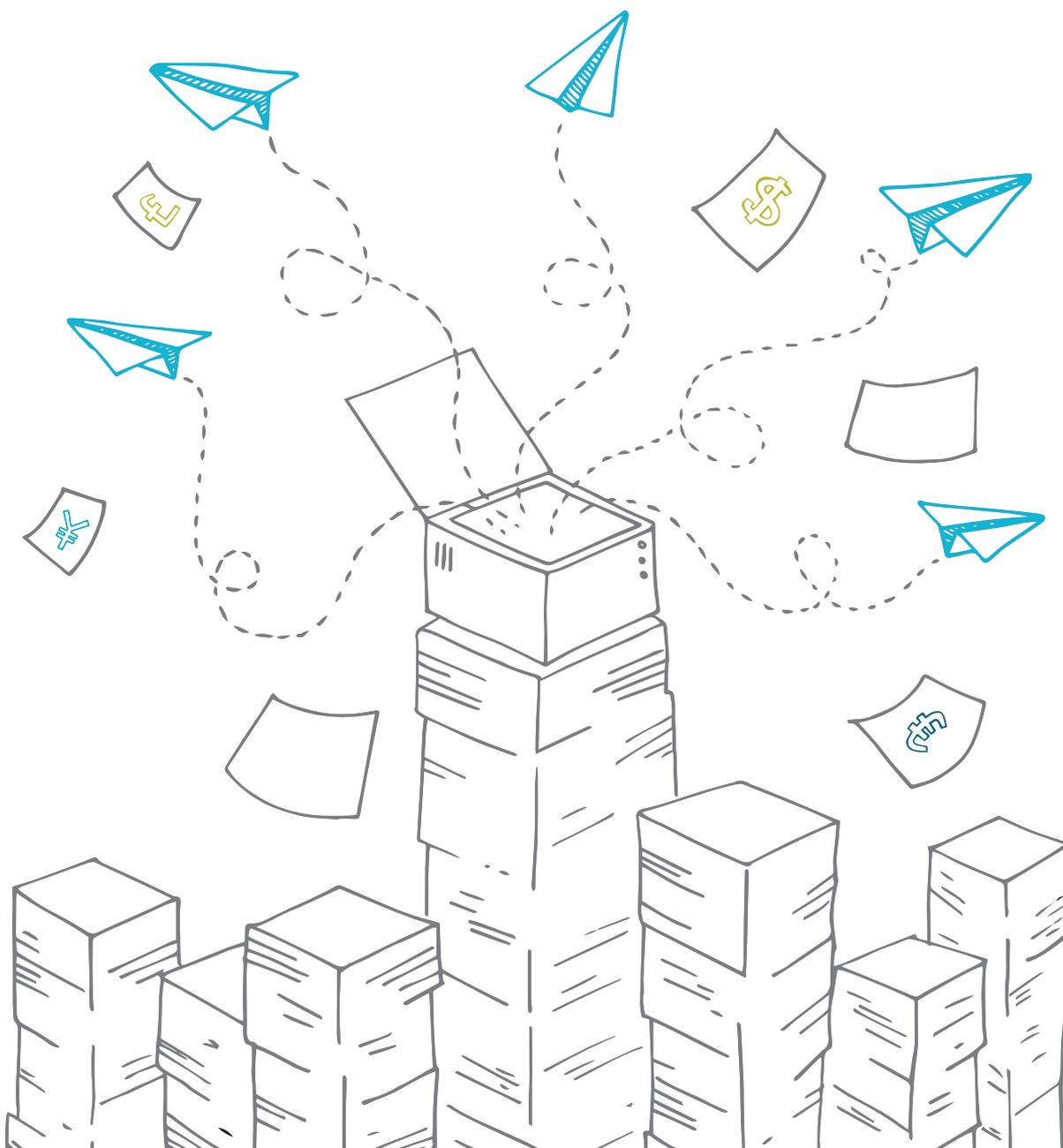# BEYOND PAPERLESS

How AP Change Makers can improve
on "scan and capture" solutions to unlock
the full potential of AP Automation

March 2014

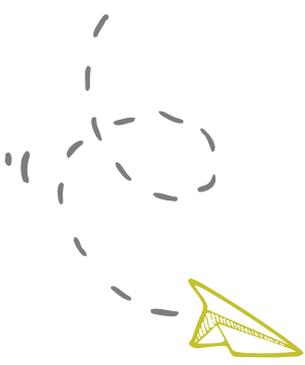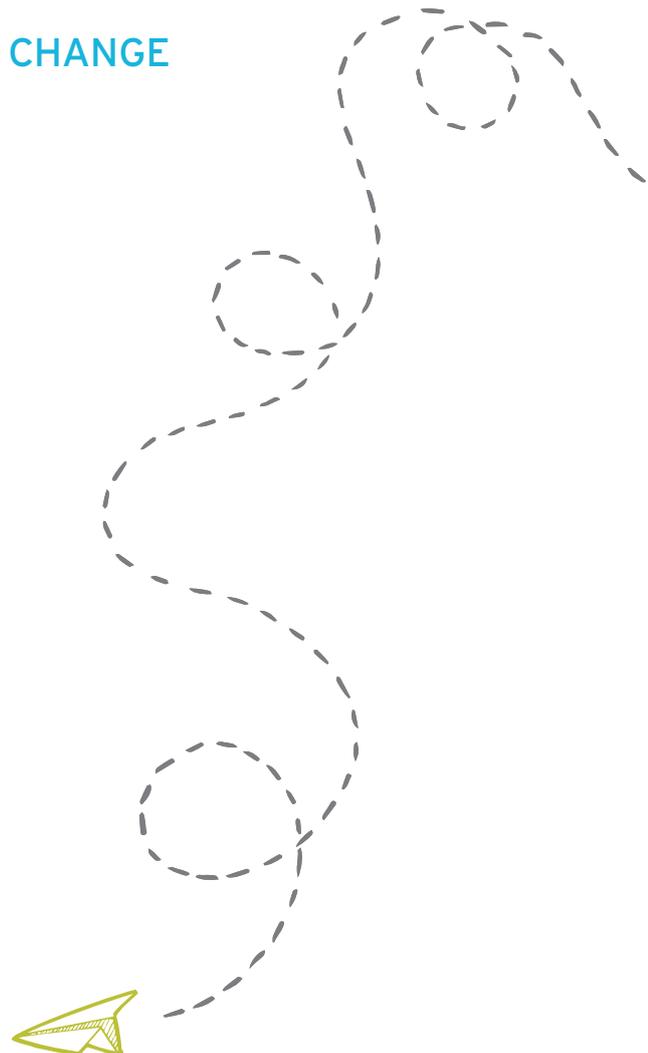# TABLE OF CONTENTS

AP AUTOMATION
WHERE ARE YOU TODAY?

Independent research has shown that there's a proven causal link between adopting automation technologies and high performance. Best practice AP Performance is now within every business's reach. These facts are spurring AP Change Makers in many businesses around the world to begin their journeys towards AP Automation.

As you begin your journey towards AP Automation, you may be unaware of the full potential you've started to release. The truth is, by going further down the road to complete automation and e-invoicing, you can achieve much greater benefits.

Since 2005, many AP Change Makers have made the first step of their journey by introducing a document imaging/scanning ("scan and capture") service. 52% of businesses now have such a solution. This trend has helped businesses move away from paper. By doing so they've achieved greater operational accuracy, control and efficiency.

But it's just the start. Today there are far greater opportunities available to these Change Makers, to improve their financial processes and drive business performance and personal impact. Could you be doing more to lead change?

Take automated routing and approval workflows: Only 27% of businesses are using them. Or e-invoicing: Just 21% of organizations now use it. Or commerce networks: Only 17% take advantage of them.

The figures above are representative of Best-In-Class AP performers. How many of those innovations has your business adopted?

If you are one of the Change Makers who has introduced a "scan and capture" service to your business, you've made a good start. Now read on to see the performance levels achieved when Best-In-Class organizations go beyond paperless – and find out what you could be doing to lead your business to similar levels.

ROWAN LEMLEY, PRODUCT MARKETING, BASWARE:

"Many companies we meet are using a scan and capture service or a simple workflow tool and believe that is AP automation. The truth is they can go a lot further and unlock many more benefits for their businesses."
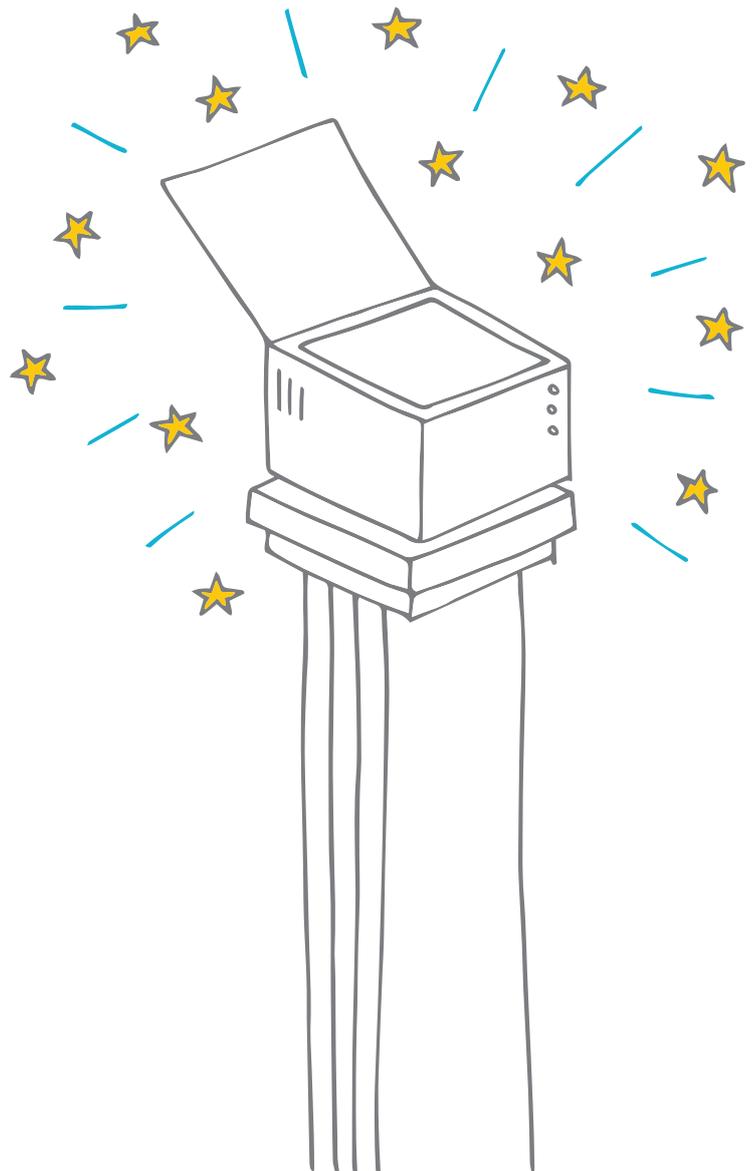
THE OPPORTUNITY BEST PRACTICE OFFERS YOU

To attain best practice standards in AP, Change Makers are going beyond "scan and capture".

You can see how far they've gone – and get an idea of how you and your business could benefit from full automation – by looking at the characteristics of Best-In-Class companies. These are organizations with the lowest average invoice processing cost and shortest timeframe in which an invoice is processed.

Compared with all other companies, Best-In-Class are 74% more likely to have the capability to measure both productivity (eg invoice processing cycle time or invoices processed straight through) and financial metrics (eg discounts captured).

They are 64% more likely than other companies to have working capital optimization controls in place.

Best-In-Class AP groups are 90% more likely to link the P2P process, starting with spend analysis and sourcing, and including contract management, e-procurement and AP.

They have almost three times as many of their suppliers submitting electronic invoices. And they process 44.2% of their invoices without human intervention, while all other enterprises manage only 18.4%.

IMPROVED PERFORMANCE FROM AP AUTOMATION

It costs Best-In-Class companies only $2.20 to process an invoice, while it costs all others $19.10. They process 3,559 invoices per FTE (full-time employee) per month, while the others get through only 1,335. The former take only 3.3 days to process an invoice, but the latter need 13.5 days.

In terms of payments, Best-In-Class organizations pay 91.4% of invoices on time, compared with only 70.8% in all other companies.

Also, their erroneous payments (duplicates and overpayments) are only 1.7% compared with 3.12% in other companies.

How have Best-In-Class companies achieved such efficient performance? This is largely a result of their AP Change Makers driving the introduction of automation technology. They have realized the potential of e-commerce to make their businesses more efficient and successful.

Many AP Change Makers have started automating their AP with a "scan and capture" solution. They've then moved on to solutions including data capture, e-invoicing and electronic payments. These technologies drastically improve visibility and accessibility to accurate, real-time invoice and payment data.
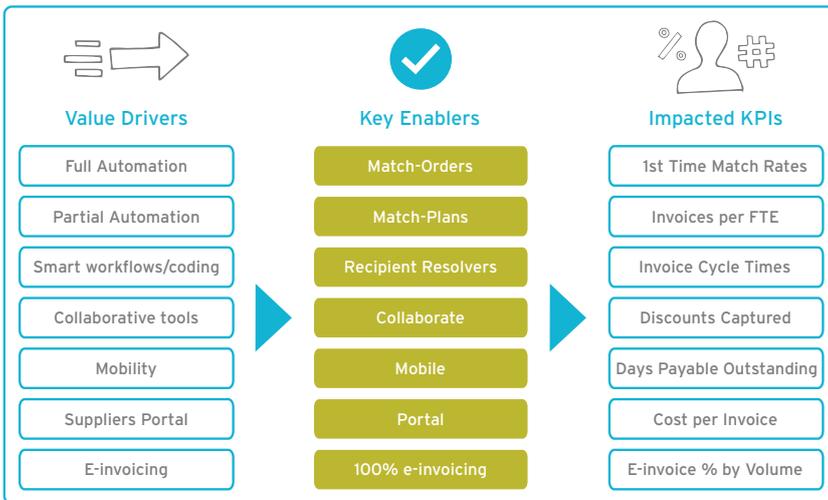
In the next section, you can see what you need to focus on to achieve Best-In-Class performance in your organization.

IMPACTING YOUR KEY PERFORMANCE INDICATORS

As an AP Change Maker, you've already made an impact on your company's business critical processes and related (AP) metrics, and begun to give your AP function a more strategic position within your company. So, what should you do next?

It will help to look at the value drivers of Best-In-Class performance, and find out which of your key performance indicators those drivers will influence. You can see what Basware has learned about them from its experience of working with organizations around the globe, in the chart below.

Value Drivers	Key Enablers	Impacted KPIs
Full Automation	Match-Orders	1st Time Match Rates
Partial Automation	Match-Plans	Invoices per FTE
Smart workflows/coding	Recipient Resolvers	Invoice Cycle Times
Collaborative tools	Collaborate	Discounts Captured
Mobility	Mobile	Days Payable Outstanding
Suppliers Portal	Portal	Cost per Invoice
E-invoicing	100% e-invoicing	E-invoice % by Volume

IF YOU WANT TO GO BEYOND PAPERLESS AP AND MOVE TOWARDS BEST-IN-CLASS AP PERFORMANCE, THERE ARE FOUR KEY AREAS TO FOCUS ON:

1. MOVING TOWARDS FULL AP AUTOMATION

Full automation will enable touchless processing. You need to be able to match against POs, good receipts and payment plans. Matched invoices are automatically coded and approved for payment.

2. HANDLING EXCEPTIONS MORE EFFECTIVELY

When matching isn't possible, your AP system should be smart enough to create posting automatically based on previous experience or supplier-specific rules. Workflows should also be automated based on invoice data (reference person, supplier, organization). In addition, your key people should be able to approve invoices via their mobile phones while on the move.

3. ROLLING-OUT EASY E-INVOICING FOR YOUR SUPPLIERS AND PARTNERS

Make sure you have multiple onramps for e-invoicing because suppliers come in different shapes and sizes and they need a business case to adopt e-invoicing just like you do. Combinations of integrated solutions for large suppliers, portals and free email e-invoice solutions for the smallest, go a long way to speeding up supplier activation.

4. LEVERAGING ANALYTICS FOR GREATER INSIGHT AND BETTER DECISIONS

Remove guess work or decisions made on old data. Use modern data visualization to provide your key people with insightful and actionable data that supports process and performance improvements across your organization.
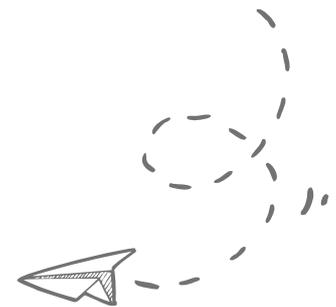
HOW BASWARE CAN HELP YOU LEAD THE CHANGE

We offer a complimentary initial assessment to help you understand your opportunities and the ROI you could achieve through a more complete approach to AP Automation.

From there we work with you to:

• Help you develop a framework and plan to transition to complete AP Automation

• Help you establish the internal business case and ROI

• Help you establish KPIs to monitor and improve processes over time

• Help you develop a plan to capitalize on e-invoicing

• Help you connect your initiatives to the broader purchase-to-pay environment

BASWARE SOLUTIONS

We offer you world-class packages such as InvoiceReady™, Invoice Pro or Invoice Automation, services such as Basware "scan and capture" and the buyer-supplier connectivity provided through the Basware Commerce Network. These will help your organization eliminate paper, achieving efficiency, time and accuracy gains with minimum time and effort.

There's much more to our AP Automation story though.

We can help you go beyond paperless to achieve more and deliver greater impact for your business. Basware has a powerful combination of services and solutions that give you the opportunity and a path to realize far greater benefits for your business – incrementally or all at once:

• A range of "next stage" solutions that take workflow automation to new levels

• Packaged or custom AP Automation solutions that can be optimized around your company's unique profile

• A range of leading e-invoicing solutions

• The Basware Commerce Network – the world's largest open commerce network, enabling greater collaboration with your customers and suppliers

Importantly, we can help you capitalize on these leading solutions to achieve higher levels of AP Performance for your business.
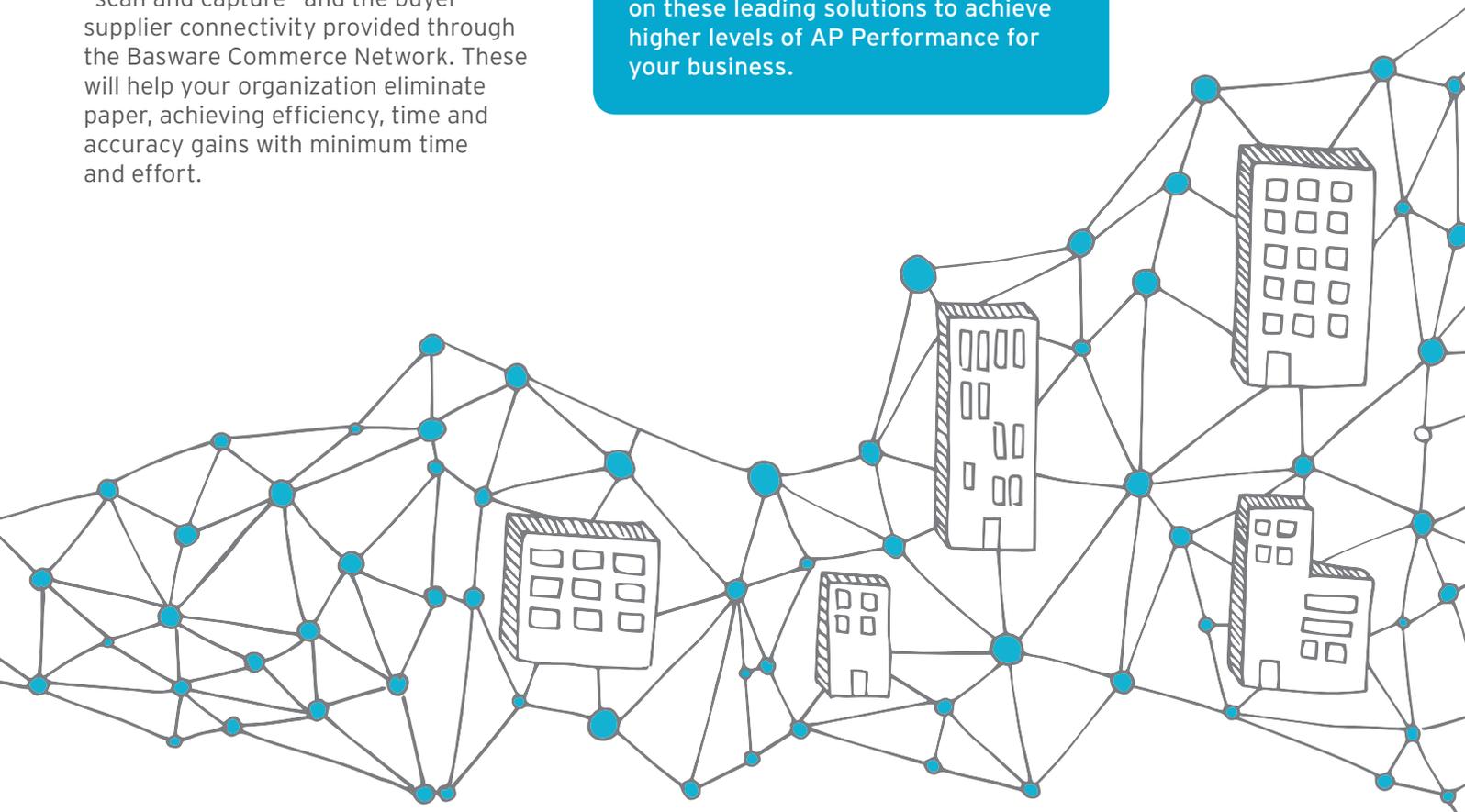
PROVEN CUSTOMER SUCCESS

HOW ABB UNLOCKED BEST-PRACTICE RETURNS ACROSS THEIR AP OPERATIONS WORLDWIDE.

With millions of invoices received annually in countries around the globe, it was inefficient for ABB to continue relying on manual invoice processing methods. The company used Basware's invoice automation solution to increase efficiency, achieve a higher degree of visibility and standardize its invoice handling process.

PETHER JONSSON, GROUP VICE PRESIDENT, ABB HEADQUARTERS, SWITZERLAND:

"Our focus is to further standardize AP operations and achieve even higher levels of automation. We are continuously working with Basware to implement invoice automation best practices so we can maximize processing efficiencies and gain the strongest business benefits."

HOW HEINEKEN MATCH OVER 90% OF PURCHASE INVOICES AUTOMATICALLY.

Consolidation of the finance functions into a single Shared Service Center (SSC) together with Basware's Invoice Automation solution, helped deliver significant time and cost savings. Today over 90% of Heineken's purchase invoices are matched automatically.

ED PRINS, FINANCIAL SERVICES MANAGER AT HEINEKEN:

"The key success factor for this project was how easily we could integrate invoice processing with our complex ERP environment. The Basware solution has proved incredibly flexible, providing a seamless integration with our existing systems."

HOW ICELANDIC NORWAY AS WENT FROM BASIC AUTOMATION TO E-INVOICING.

Icelandic Norway AS had long faced challenges with the time-consuming paper-based invoice processing. When the company entered new markets and invoice volumes increased, it became necessary to automate the process. With Basware InvoiceReady™ invoice automation was quickly and easily implemented, giving the finance team instantly more time to focus on critical strategic matters. By outsourcing the error-prone and manual validation of paper invoices to Basware, the company has also been able to make the move to e-invoicing right away.

ODD ARNE KLEFSTAD, FINANCE MANAGER AT ICELANDIC NORWAY AS:

"The invoice validation included in InvoiceReady™ is highly accurate. In other systems it was necessary to verify much of the content manually, which was very time-consuming. Basware's solution is clearly the most efficient and easy to use."

YOUR NEXT STEP

Are you ready to transform your department the way other AP Change Makers are transforming theirs?

Would you like to:

• Move on from basic "scan and capture" to a truly paperless process?

• Explore more intelligent solutions that will take you further than legacy workflow solutions and transform the efficiency of your business AP process?

• Look for a market leading e-invoicing solution?

Wherever you are on your automation journey, Basware can help you lead the change, unlock your potential and increase the impact your AP department has on the wider business.

LEAD THE CHANGE – TALK TO US

Lets discuss our no-obligation Best-In-Class AP Assessment and let Basware help you take the first step in becoming the next AP Change Maker for your business.

Visit: **www.basware.com/contact**

ABOUT BASWARE

Basware provides open, secure, cloud-based purchase-to-pay and e-invoicing solutions to organizations of all sizes, resulting in greater efficiencies in procurement, accounts payable and accounts receivable.

Companies across all industries, from small businesses to corporate giants, use Basware solutions to drive sustainable cost savings, proactive insight into cash flows and improved buyer-supplier relationships.

The Basware Commerce Network is founded on the principle of openness, where all types of organizations can collaborate and trade, making it the largest in the world.

Today we connect millions of business users in 900,000 companies across over 100 countries.

Basware is the global leader in providing solutions for better buying, better selling and connected commerce. Find out how Basware boosts financial performance and profitability at www.basware.com

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