GOING GLOBAL WITH
SMART INVOICE PROCESSING

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Introduction: How can smart invoice processing maximize your ROI on P2P transformation?

Organizations that have implemented—or are contemplating implementation of—a procure to pay (P2P) automation platform stand to gain significant business advantages. These include cost reductions from process automation, elimination of manual tasks, greater visibility and control over spend, and reduction of costs and risks associated manual errors, payment errors and late payments. Digitizing procurement processes on a global scale presents unique challenges and an even greater opportunity for cost reduction and risk mitigation.

However, whether you are rolling out your P2P platform in a single country or globally, how you process paper and PDF invoices—which represent 50% or more of invoice volume—will impact the return on your investment in P2P automation.

In an earlier report, "Paper & PDF Invoice Digitization for P2P," we looked at the problem of processing paper and PDF invoices from a domestic perspective. It reviews current approaches to paper/PDF invoice processing and summarizes the benefits of an integrated approach to Smart Invoice Processing, as defined by Gartner.

In Search of a Global Solution: This report provides an overview of current invoice processing challenges and opportunities for global organizations, as well as a summary of the benefits of utilizing smart invoice processing to support enterprise-wide P2P automation. Finally, the report includes a case study of how Paul Van Boxtel, global vice president of purchasing for a leading US-based manufacturer, is using smart invoice processing to streamline back office operations and improve spend management without forcing suppliers to change the way they interact with the company.

For insights on the challenges and solutions for processing paper and PDF invoices common to all organizations with P2P automation platforms, download Paper & PDF Invoice Digitization for P2P

How are global organizations processing paper and PDF invoices today?

Paper and PDF invoices are estimated to represent more than 50% of all invoices globally. Processing of these invoices for payment is usually handled through regional centers that are either self-managed or outsourced to one or more service providers. The objective of these manually-intensive efforts is simply to process invoices for entry into the ERP system for payment as quickly as possible. The approach is costly, time consuming and error-prone. It includes manual scanning of the invoice, translation, data entry and/or correction of top-level invoice information and exception management.

Few organizations track or manage the costs of manually processing paper and PDF invoices. Industry analysts estimate that they range from US $12-$30 per invoice. While the costs are considerable, the business impacts and risks are even greater given that paper and PDF invoices never make it into the P2P automation platform for proactive spend management.

Whether through self-managed operations or via third-party relationships, most global organizations handle paper and PDF invoice processing on a regional basis.

INVOICE PROCESSING FUNCTIONS

- Manual Scanning or Email Attachments
- Translation
- Manual Entry
- Exception Management

Language, tax, compliance and other regionalized issues have resulted in a distributed approach to processing of paper and PDF invoices, which represent 50% or more of total invoice volume.

What are the unique global challenges and business impacts of current approaches?

Managing the processing of paper and PDF invoices is a challenge for any organization. The costs and risks involved increase with each country where your company transacts business. Whether your organization manages this through internally operated service centers or with outsourced service providers, the procedure requires a significant devotion of time from your staff and involves manually intensive efforts that inflate costs and increase risks.

Processing Costs: To understand your true cost of processing paper and PDF invoices, you will need to include the costs for translation and data entry, IT infrastructure and license costs, error correction and review for approval, as well as costs associated with payment errors and delays.
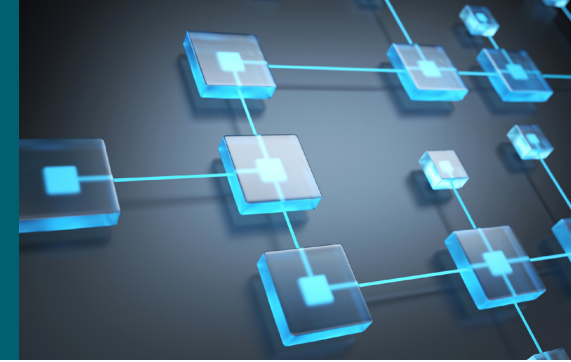
Processing Risks: Risks associated with distributed processing of paper and PDF invoices include tax and compliance risks as well as the inability to proactively manage spend consistently across borders.

Manual processing of paper and PDF invoices increases the costs and risks associated with global procurement operations and significantly reduces P2P automation benefits.
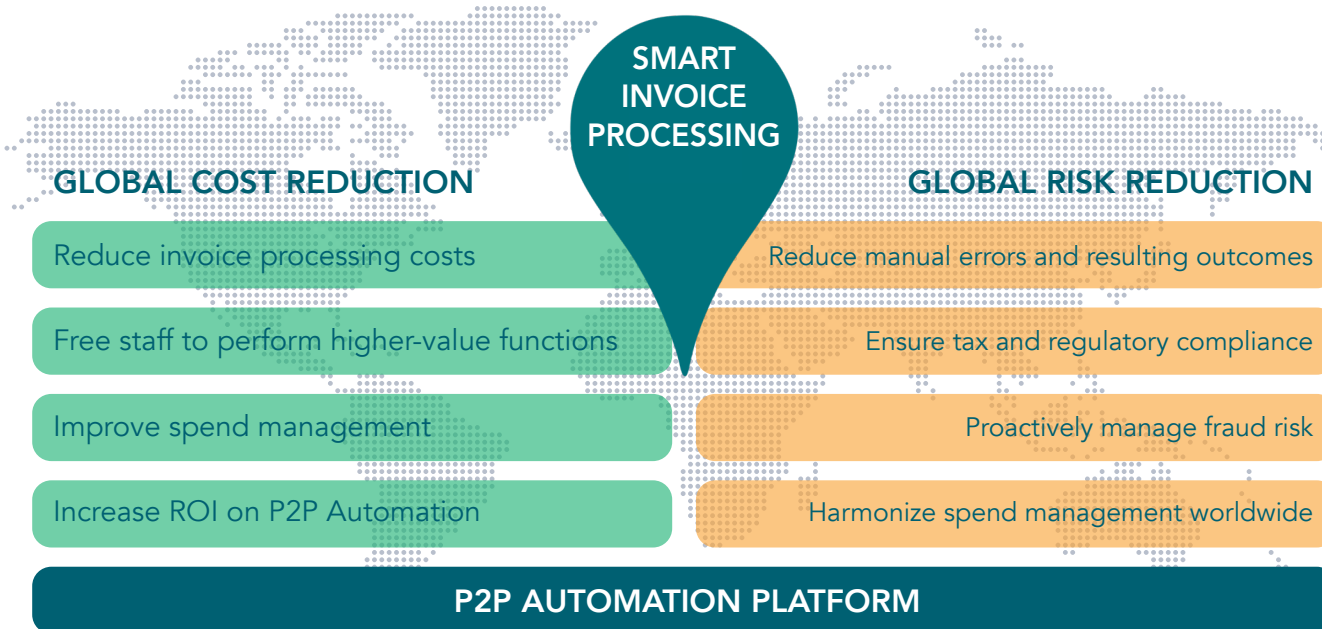
Distributed, manual processing of paper and PDF invoices inflates the costs and risks of any organization with global procurement reach.

INVOICE PROCESSING COSTS & RISKS

- Translation and manual entry costs
- External costs
- Payment Errors
- Late Fees
- Tax Errors
- Non-compliance

How can smart invoice processing for P2P address unique global challenges?

Modern P2P platforms—when combined with smart, AI-enabled processing—can eliminate many of the costs, risks and headaches associated with distributed processing approaches, and automate compliance for country clearance. In a July 2019 report titled "Success with AP Invoice Automation Requires More Than Paper To Digital," Gartner recommends automating invoice matching with AI and smart data enrichment. While capabilities vary widely based on the vendor, Smart Invoice Processing can help you reduce the costs and risks associated with distributed manual processing, as shown below. It also enables automated processing for 100% of invoices with no-touch matching, autonomous matching and smart workflows to maximize the return on your investment in P2P automation.

Smart (AI-Enabled) Global Invoice Processing Reduces Costs and Risks and Enables Global Spend Management Through P2P Automation

SMART INVOICE PROCESSING

GLOBAL COST REDUCTION

- Reduce invoice processing costs
- Free staff to perform higher-value functions
- Improve spend management
- Increase ROI on P2P Automation

GLOBAL RISK REDUCTION

- Reduce manual errors and resulting outcomes
- Ensure tax and regulatory compliance
- Proactively manage fraud risk
- Harmonize spend management worldwide

P2P AUTOMATION PLATFORM

Smart invoice automation provides a single point of entry for all invoices, regardless of language or place of origin, and enables compliance and exception management to be performed within the P2P platform.

Using Smart Invoice Processing to improve spend management across global operations

Paul Van Boxtel is global vice president of purchasing for a leading US-based manufacturer that serves customers in more than 100 countries. He is a performance-driven supply chain management professional with more than three decades of experience in building cross-functional teams to turn strategy into executable objectives and bottom-line business results. Van Boxtel and his team recently implemented a smart invoice processing solution as a part of a global procurement transformation initiative. We spoke with him to learn about the procurement and AP challenges he sought to overcome, and the business benefits companies can expect to achieve with smart invoice processing.

Challenge: In 2019, Van Boxtel and his team set out to reinvent procurement operations with the implementation of a P2P automation platform and digital invoicing solution. His goals were to improve spend management, streamline back office operations and reduce supply chain risks. Key challenges included cleaning up master data for suppliers, standardizing digital interactions in the P2P process, capturing line-level detail from each invoice and meeting different country requirements for tax and regulatory compliance.

"We had a significant number of people performing non-value-added tasks to simply get correct information into our system so that vendors could get paid," Van Boxtel says. "We lacked automation, an accurate digital audit trail and the information needed to perform effective spend management."

Solution: After extensively researching the market for best practices and technologies, Van Boxtel implemented a digital invoicing solution that complied with Gartner's definition of Smart Invoice Processing, which includes automated processing for 100% of invoices with no-touch matching, autonomous matching and smart workflows. "The advantage of the solution we implemented," Van Boxtel reports," is that vendors can continue to transact business the way they always have, except that now we have intelligence and standardization built into the system." Adopting smart digital invoicing enables companies to digitally interact with suppliers with a high degree of accuracy, assurance and efficiency, while reducing friction and significantly reducing costly, time-consuming manual processes.

> "Smart digital invoicing enables suppliers to transact business the way they always have and provides the standardization and line-level detail needed to efficiently improve spend management globally."
>
> **Paul Van Boxtel**
> Global Purchasing and
> Supply Chain Expert

Accelerate procurement success
with platform-enabled solutions from Shelby

Procurement departments everywhere face a common challenge. How can you increase transparency, control and compliance in order to deliver measurable business benefits to your organization? Today's cloud-based procurement platforms offer powerful and flexible tools to integrate best practices into daily operations. However, a low utilization of features and misalignment with business processes can negatively impact your success.

The Shelby Group is the global leader in platform-enabled procurement optimization. With hundreds of platform implementation and support engagements to our credit, Shelby can help accelerate your success through each step of your journey with support for Platform Implementation, Program Optimization, Procurement Operations and Digital Solutions.

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